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FM AMEMBASSY SINGAPORE

TO RUEHC/SECSTATE WASHDC PRIORITY 0750
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
INFO RUCNASE/ASEAN MEMBER COLLECTIVE
RUEHHI/AMEMBASSY HANOI 1358
RUEHUL/AMEMBASSY SEOUL 3910
RUEHKO/AMEMBASSY TOKYO 5425
RUCPDOC/DEPT OF COMMERCE WASHDC
RUEAWJA/DEPT OF JUSTICE WASHDC
RUEANQT/FINCEN VIENNA VA
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S E C R E T SECTION 01 OF 02 SINGAPORE 002443

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STATE PASS TREASURY FOR UNDER SECRETARY LEVEY

E.O. 12958: DECL: AFTER KOREAN REUNIFICATION

TAGS: EFIN KTFN ETTC PREL PTER PARM KCRM SN KN

SUBJECT: TREASURY U/S LEVEY DISCUSSES CONTINUING DPRK
FINANCIAL ACTIVITY IN SINGAPORE

REF: 05 SINGAPORE 3187

Classified By: Charge d'Affaires Judith R. Fergin for reasons 1.4(b) and (d)

¶1. (S) Summary: Treasury Under Secretary for Terrorism and Financial Intelligence Stuart Levey raised USG concerns regarding continued North Korean (DPRK) financial activity -- specifically related to WMD proliferation and Tanchon Commercial Bank -- in Singapore during separate July 21 meetings with Government of Singapore and United Overseas Bank (UOB) officials and urged them to freeze any DPRK-associated accounts as required by the newly passed UN Security Council Resolution 1695. GOS and UOB officials said they had taken steps to monitor and shut down DPRK activity in Singapore. They reiterated support for U.S. efforts and expressed willingness to cooperate with the United States and to comply with the UN to the extent Singapore law allows. Both GOS and UOB asked the USG to pass them any information regarding DPRK endeavors in Singapore. End summary.

DPRK's Continued Efforts to Penetrate Singapore

¶2. (S) In a meeting with Vivien Chan, UOB's Senior Vice President for Compliance, U/S Levey asked about action taken since his last visit (reftel). He acknowledged the responsible decisions Singapore banks had already made with respect to DPRK-related financial activity, specifically those entities designated by the U.S. under Executive Order 13382, such as Tanchon Commercial Bank. He raised USG concerns that the DPRK may be becoming more aggressive in its attempts to infiltrate Singapore banks through accounts linked to individuals rather than linked to entities such as Tanchon Commercial Bank specifically. Singapore was a natural target for the DPRK, and the USG wanted to ensure that banks such as UOB retain the strongest controls possible. This was especially true, he continued, given Singapore's regional financial leadership, the strength of UOB itself, and the fact that the U.S. Federal Reserve had an existing ECI contract with UOB. Without divulging specifics or naming UOB, U/S Levey told Chan that the DPRK might be trying to regain/sustain a foothold in Singapore to facilitate its activities and that the U.S. was concerned that some of this activity was linked to WMD proliferation.

Turning to the UN Security Council Resolution 1695, he reminded Chan that closing accounts and returning funds was no longer sufficient. He shared with her the text of the new resolution, citing that it called on states to prevent the transfer of any financial resources to DPRK WMD and missile programs, and that UOB would need to freeze assets in accounts linked to the DPRK's missile program. He noted that would apply to any Tanchon-related accounts. The USG's concern could not be overstated, and the USG's policy was to ensure that DPRK WMD-related entities were blocked out of all financial institutions worldwide, he concluded.

¶3. (S) UOB's Chan reported that the bank closed all DPRK-related accounts in November 2005; it no longer maintained relationships with any DPRK entity or individual as far as the bank was aware. Because closing accounts was complicated, UOB had increased due diligence efforts in order to prevent the DPRK from opening accounts in the first place, she said. Highlighting the extent of the bank's efforts, Chan said that UOB's policies now occasionally go beyond what was mandated by Singapore law. Chan said UOB's current challenge was reviewing long-standing accounts to ensure they were not connected to the DPRK, and their fear was that non-DPRK entities and individuals may try to facilitate DPRK-related activity through their account relationships with UOB. She reiterated that all DPRK business was disallowed at the bank. In closing, Chan asked that the United States be more forthcoming with information sharing directly to UOB, and cited the U.K. as particularly helpful in this area.

Singapore Willing to Help; Challenges Remain

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¶4. (S/NF) At a luncheon hosted by the Charge d'Affaires, U/S Levey explained to representatives of the Ministry of Foreign Affairs (MFA), the Monetary Authority of Singapore (MAS), and the Ministry of Home Affairs (MHA) that his current trip focused on DPRK and, to a lesser extent, Iran, and the importance of ensuring illicit activity, especially WMD proliferation, was blocked out of financial sectors in Asia. He thanked MFA Permanent Secretary Peter Ho for the Ministry's strong condemnation of the DPRK missile tests, and said he wished to share the USG's continuing concerns, especially in light of UN Security Council Resolution 1695. He expressed concern that Tanchon Commercial Bank sought to penetrate Singapore financial institutions, and that Song To-il, a DPRK national and Tanchon's representative in the region, may be utilizing his accounts and financial relationships in Singapore to facilitate such business. The Singapore officials asked if this information was relayed to UOB directly, U/S Levey replied that he had not given the information to the bank because he was only authorized to release the information to the Singapore government. With regard to acting on Resolution 1695, U/S Levey said that he did not believe there was any dispute that Tanchon Commercial Bank was directly linked to the DPRK's missile program, acting as the primary financial arm of that program. U/S Levey also asked if there had been any increase in Iranian financial activity in Singapore, which Singapore officials said was minimal.

¶5. (S) Both MFA's Ho and MAS Deputy Managing Director Teo Swee Lian thanked U/S Levey for the information and asked that he share any more details about Song To-il and his activities in Singapore. They said Singapore was willing to act but first needed evidence to take direct action -- such as freezing assets -- in order to comply with Singapore law. Ho and Teo also expressed frustration that the USG was unable to release Song To-il's name directly to UOB officials. Ho and Teo said they were not aware of any Iranian activity in Singapore. It was difficult for Iran to operate here, as it had no bank branches and Singapore would not allow it to establish an embassy for security reasons, Ho said.

¶6. (U) U/S Levey cleared this message.
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